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# INDONESIA, MASTER CARD IN WASHINGTON'S HAND<sup>1</sup>

Noam Chomsky

On May 20, 1998 United States Secretary of State, Madeleine Albright, called upon Indonesia's President Suharto to resign and provide for "a democratic transition." A few hours later, Mr. Suharto transferred formal authority to his hand-picked vice-president. The two events were not simple cause and effect. They do, however, give some indication of the nature of the relations that have evolved over half a century.

Four months earlier, an Australian publication had reported that while "IMF Director Michel Camdessus stood over Suharto with his arms folded in true colonial style, Suharto signed a new IMF agreement." The photo showing the humbling of Suharto was plastered across the local papers the next day.<sup>2</sup> Whatever the circumstances, the symbolism was not missed. Mr. Suharto's rule relied crucially on US support. He has been a favorite of Western governments and investors since he took power in 1965. To sustain his power and violence, the White House has repeatedly evaded congressional restrictions on military aid and training: Jimmy Carter in 1978, Bill Clinton in 1993 and 1998. The Clinton Administration also suspended review of Indonesia's appalling labor practices while praising Jakarta for bringing them "into closer conformity with international standards."

Mr. Suharto's recent fall from grace follows a familiar course: Mobutu, Saddam Hussein, Duvalier, Marcos, Somoza, etc. The usual reasons are disobedience or loss of control. In Suharto's case, both factors operated: his failure to follow IMF orders that were subjecting the population to cruel punishment, then his inability to subdue popular opposition, which made it clear that his usefulness was at an end.

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<sup>2</sup> *Inside Indonesia* (Australia), April/June 1998, and *Business Week*, June 1, 1998.

After the second world war, Indonesia had a prominent place in US efforts to construct an international political and economic order. Planning was careful and sophisticated; each region was assigned its proper role. The “main function” of Southeast Asia was to provide resources and raw materials to the industrial societies. Indonesia was the richest prize. In 1948 the influential planner George Kennan described “the problem of Indonesia” as “the most crucial issue of the moment in our struggle with the Kremlin”—that is, the struggle against independent nationalism, whatever the Kremlin role might be (in this case, very slight).

Kennan warned that a “communist” Indonesia would be an “infection” that “would sweep westward” through all of South Asia. The term “communism” is routinely used to cover any form of independent nationalism, and it is understood that “infections” spread not by conquest but by example.

“The problem of Indonesia” persisted. In 1958 US Secretary of State, John Foster Dulles, informed the National Security Council that Indonesia was one of three major world crises, along with Algeria and the Middle East. He emphasized that there was no Soviet role in any of these cases, with the “vociferous” agreement of President Eisenhower. The main problem in Indonesia was the Communist party (PKI), which was winning “widespread support not as a revolutionary party but as an organization defending the interests of the poor within the existing system,” developing a “mass base among the peasantry” through its “vigor in defending the interests of the . . . poor.”<sup>3</sup> The US embassy in Jakarta reported that it might not be possible to overcome the PKI “by ordinary democratic means,” so that “elimination” by police and military might be undertaken. The Joint Chiefs of Staff urged that “action must be taken, including overt measures as required, to ensure either the success of the dissidents or the suppression of the pro-communist elements of the Sukarno government.”

The “dissidents” were the leaders of a rebellion in the outer islands, the site of most of Indonesia’s oil and US investments. US support for the secessionist movement was “by far the largest, and to this day the least known, of the Eisenhower administration’s covert militarized interventions,” two leading Southeast Asia specialists conclude in a revealing study.<sup>4</sup> When the rebellion collapsed, after bringing down the last residue of parliamentary institutions, the US turned to other means to “eliminate” the country’s major political force.

This goal was achieved when Suharto took power in 1965, with Washington’s strong support and assistance. Army-led massacres wiped out the PKI and devastated its mass base in “one of the worst mass murders of the twentieth century,” comparable to the atrocities of Hitler, Stalin, and Mao, the CIA reported, judging “the Indonesian coup” to be “certainly one of the most significant events of the twentieth century.”<sup>5</sup> Perhaps half a million or more were killed within a few months.

The events were greeted with undisguised euphoria. The *New York Times* described the “staggering mass slaughter” as “a gleam of light in Asia,” praising Washington for keeping its own role quiet so as not to embarrass the “Indonesian moderates” who were cleansing their society, then rewarding them with generous aid.<sup>6</sup>

<sup>3</sup> Harold Crouch, *Army and Politics in Indonesia* (Ithaca: Cornell University Press, 1978).

<sup>4</sup> Audrey Kahin and George Kahin, *Subversion as Foreign Policy* (New York: New Press, 1995).

<sup>5</sup> CIA, Directorate of Intelligence, “Intelligence report column, Indonesia, 1965, the coup that backfired.” Washington, 1968.

<sup>6</sup> *New York Times*, December 22, 1965, February 17, 1966, and June 19, 1966.

*Time* praised the "quietly determined" leader Suharto with his "scrupulously constitutional" procedures "based on law, not on mere power" as he presided over a "boiling bloodbath" that was "the West's best news for years in Asia."<sup>7</sup>

The reaction was near-uniform. The World Bank restored Indonesia to favor. Western governments and corporations flocked to Suharto's "paradise for investors," impeded only by the rapacity of the ruling family. For more than twenty years, Suharto was hailed as a "moderate" who is "at heart benign" (*The Economist*) as he compiled a record of slaughter, terror, and corruption that has few counterparts in post-war history.

Suharto is also hailed for his economic achievements. An Australian specialist who participated in economic modeling in Indonesia dismisses the standard figures as "seriously inaccurate": the regularly reported 7 percent growth rate, for example, was invented on government orders, overruling the assessment of the economists.<sup>8</sup> He confirms that economic growth took place, thanks to Indonesia's oil reserves and the green revolution, "the benefits of which even the massive inefficiency of the system of corruption could not entirely erode." The benefits were enhanced by extraction of other resources and the supply of super-cheap labor, kept that way by the labor standards that impress Washington. Much of the rest is a "mirage," as was quickly revealed when "foreign investors stampeded."

The estimated \$80 billion private debt is held by at most a few hundred individuals, Indonesian economists estimate, perhaps as few as fifty. The wealth of the Suharto family is estimated at roughly the scale of the IMF rescue package. The estimates suggest simple ways to overcome the "financial crisis," but these are not on the agenda. The costs are to be borne primarily by two hundred million Indonesians who borrowed nothing, along with Western taxpayers, in accord with the rules of "really existing capitalism."

## Oil Reserves

In 1975, the Indonesian army invaded East Timor, then being taken over by its own population after the collapse of the Portuguese empire.<sup>9</sup> The US and Australia, at least, knew that the invasion was coming and approved it. Australian Ambassador Richard Woolcott urged his government to follow the "pragmatic" course of "Kissingerian realism" (Kissinger was then secretary of state in the Ford Administration). This was for one reason, because Australia might be able to make a better deal on Timor's oil reserves with Indonesia "than with Portugal or independent Portuguese Timor."

The Indonesian army relied on the US for 90 percent of its arms, which were restricted to use in "self-defense." The rules were followed in accord with that same "Kissingerian realism" and scant attention was paid to the restriction. Adhering to the same doctrine, Washington immediately stepped up the flow of arms while declaring an arms suspension.

<sup>7</sup> *Time*, July 15, 1966.

<sup>8</sup> *Australian Financial Review*, March 18, 1998.

<sup>9</sup> See Noam Chomsky, *Power and Prospects: Reflexions on Human Nature and the Social Order* (London: Pluto Press, 1996), chapters 7 and 8.

The UN Secretary Council ordered Indonesia to withdraw, but that was an empty gesture. As UN Ambassador Daniel Patrick Moynihan explained in his memoirs, he followed the directives of the State Department to render the UN "utterly ineffective in whatever measures it undertook" because "the United States wished things to turn out as they did" and "worked to bring this about." He also described how "things turned out," noting that within a few months sixty thousand Timorese had been killed, "almost the proportion of casualties experienced by the Soviet Union during the second world war."

The massacre continued, peaking in 1978 with the help of new arms provided by the Carter Administration. The toll is estimated at about two hundred thousand, the worst slaughter relative to population since the Holocaust. By 1978 the US was joined by Britain, France, and others eager to gain what they could from the slaughter. Under the presidency of Valéry Giscard d'Estaing, the French Foreign Minister, Louis de Guiringaud, visited Jakarta to arrange for the sale of French arms, judging his visit to have been "satisfying in all respects" and adding that France would not "embarrass" Indonesia in international forums.<sup>10</sup> Protest in the West was minuscule; little was even reported.

Atrocities continue to the present with the decisive support of the US and its allies, though popular protest has increased, within Indonesia as well, where courageous dissidents, also unreported, have been calling on the West to live up to its fine words. To bring this horror to an end requires no bombing, sanctions, or other drastic means: simple unwillingness to participate might well have sufficed. But that was never considered an option. The implications remain unexamined, dismissed in favor of ritual and irrelevant appeals to the cold war.

In 1989 Australia signed a treaty with Indonesia to exploit the oil of "the Indonesian Province of East Timor"—which sober realists tell us is not economically viable and therefore cannot be granted the right of self-determination affirmed by the Security Council and the World Court. The treaty was put into effect immediately after the army massacred several hundred more Timorese at a graveyard commemoration of a recent army assassination. Western oil companies joined in the robbery, eliciting no comment.

So matters continued until General Suharto made his first mistakes.

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<sup>10</sup> See Roland-Pierre Paringaux, *Le Monde*, September 14, 1978.

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